Buitenlands beleid, internationaal ondernemen en ontwikkelingssamenwerking

www.steunpuntiv.eu

PAPER NR. 29, FEBRUARY 2016

FLEMISH COOPERATION WITH SOUTH AFRICA POST 2016:

WHAT ROLE FOR ODA?

Sarah Vaes, Tom De Bruyn, Huib Huyse

Flemish Cooperation With South Africa Post 2016:

What Role For ODA?

Sarah Vaes, Tom De Bruyn, Huib Huyse

COMMENTS ARE WELCOME sarah.vaes@kuleuven.be

KU Leuven
HIVA - RESEARCH INSTITUTE FOR WORK AND SOCIETY
Parkstraat 47 box 5300, 3000 LEUVEN, Belgium
hiva@kuleuven.be
www.hiva.be

Working papers are research materials circulated by their authors for purposes of information and critical discussion. They have not necessarily undergone formal peer review.

Contents

List of abbreviations

AU	African Union
BRICS	Brazil, Russia, India, China, South Africa
BICS	Brazil, India, China, South Africa
DBSA	Development Bank South Africa
DGGF	Dutch Good Growth Fund
DIRCO	Department of International Relations and Cooperation
DFID	Department for International Development
ECPLF	Economic Cooperation Promotion Loan Fund
EU	European Union
GNI	Gross National Income
IBSA	India, Brazil, South Africa
IDC	Industrial Development Cooperation
MDG	Millennium Development Goals
MIC	Middle-Income Country
NEPAD	New Partnership for Africa's Development
ODA	Official Development Assistance
OECD-DAC	Organisation for Economic Cooperation and Development – Development Assistance Committee
SADC	Southern African Development Community
SADPA	South Africa Development Partnership Agency
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goals
SECO	State Secretariat for Economic Affairs
UMIC	Upper-Middle Income Countries
ZAR	South African Rand
CIS	Commonwealth of Independent States

Introduction

This paper is part of ongoing policy support for Flanders in the context of the Policy Research Centre on Foreign Affairs, International Entrepreneurship and Development Cooperation (2012-2015). HIVA – KU Leuven was asked to do a short comparative research in order to provide policy advice on the future cooperation between Flanders and South Africa. The key question behind this discussion paper is: What could be the role for Official Development Assistance (ODA) in the future relations between Flanders and South Africa?

That this question is being raised is not surprising against the current international backdrop: the ongoing process of a) broadening the international policy framework for development cooperation from poverty reduction to sustainable development, b) at the same time boosting the cast of actors involved in this endeavor and c) identifying a much wider range of possible resource flows to fund it. In such a setting, the place of ODA as primary development instrument is being reconsidered, and rightfully so: Is ODA the most appropriate tool to address a particular challenge in a specific context? Or has the expanding universe of development goals, resource flows and actors given rise to a better alternative? Not in the least in the case of the Upper-Middle Income Countries (UMICs), as South Africa has been uninterruptedly since 2004, this question has come forward.

When considering possible complements or alternatives to financing development, two options are frequently considered, especially in the case of Middle Income Countries (MICs): First, employing and engaging the private sector more actively as a development actor. With (U)MICs often holding quite some business opportunities, donors are looking at the local private sector as well as their own private sector to play a more substantial part in addressing the development challenges. This may inspire a reorientation of their cooperation with (U)MICs from development cooperation towards economic cooperation, which often fits in a broader vision of transitioning the relationship with UMICs. A second option under consideration is to appeal to the partner country to mobilize more domestic public resources to address its own development challenges, for example through better taxation systems, formalizing the informal sector and strengthening local civil society organizations that work on enterprise and government accountability. However, although many donors stress the importance of domestic resources, few actually work on improving partner country capacity to mobilize them (OECD 2014).

Over the past few years several donors have contemplated their relationship with South Africa and several have reduced the role of development cooperation in it: Switzerland in 2005, Denmark in 2007, the Netherlands in 2011. More recently, in April 2013, the UK announced its development partnership with South Africa would enter into a 'new' phase, with DFID ending its bilateral programme in South Africa by 2015. At the same time DFID is working increasingly with South Africa on issues such as regional trade and climate change, in the framework of their regional Southern Africa strategy. After a long internal discussion the EU decided to include South Africa in its differentiation policy[1], aimed at recalibrating aid and development cooperation to MICs. This led to

[1] On the policy level, the EU has emphasised the primacy of poverty reduction in its development programmes – an approach that became increasingly incompatible with the large and heterogeneous partner country portfolio of the EU. Recognising the need to adapt its policies and objectives to a changing international environment, the EU entered into a process of modernising its development policy. The question of how to

a reduction in the EU aid to South Africa, dropping from 1 billion to 250 million euro. Flanders joined in this contemplation when the newly appointed Flemish government announced in 2014 that it would reconsider its development cooperation with South Africa post-2016.

This discussion paper, requested by the Flemish government, is intended as food for thought for policy makers and administrators involved in this reflection. It points out the contextual trends that are driving the reconsideration of the role of aid in MICs and in South Africa (chapter 1) and explores how three other OECD-DAC donors have responded to them and what the implications have been (chapter 2). It provides a brief bird's eye overview of the Flemish development cooperation with South Africa as a bridge to trace the different dilemmas that the reconsideration of the cooperation with South Africa can entail (chapter 3). It then identifies key issues to be taken into consideration when deciding on the future of the Flemish development cooperation with South Africa (chapter 4).

---

differentiate EU development partnerships and how to best engage with middle-income countries (MICs) has been among the most discussed issues in this process of modernising EU development policy (Koch 2012). 'Differentiation' became the technical term used by the EU to refer to the policy of identifying different policy mixes and cooperation arrangements for different developing countries. The differentiation entailed that from 2014 onwards EU is therefore phasing out direct aid to a number of large MICs (Herbert 2013).

1 | Key contextual issues

The changing global development landscape and the recent evolution of South Africa drive the reconsideration of development relations with South Africa. This section discusses these issues more in detail.

1.1 A changing development landscape: of SDGs, ODA and UMICs

One thread in the evolving development landscape of today is the changing position of Middle-Income Countries (MICs), and of Upper-Middle Income Countries (UMICs) in particular. They are countries with clear development needs, harbouring the majority of the world's poor people, often faced with extreme inequalities, but also countries with persistent economic growth and significant domestic resources. They are recipients of aid, loans and other concessional benefits but also emerging donors in their own right. They are important anchors for regional and global development and can often make but also break the regional development élan.

Set in the context of the declining economic position of traditional donors and austerity cuts that also affect ODA budgets this has prompted a debate on the relevance of 'aid in MICs' (Herbert 2013). Set in the context of global, interconnected development challenges and an aid architecture that attempts to evolve to face them, it triggers reflection on the role of MICs in the pursuit of the Sustainable Development Goals (SGDs).

1.1.1 Should ODA go to UMICs?

Herbert (2013:10) summarizes the main tenets of this debate very well, by formulating the often confronting questions it raises. These include: Should donors focus on poor countries that do not have the economic resources to fund their own development (Collier, 2012)? Or should the focus be on poor people, wherever they live (Sumner, 2011)? Is poverty in the MICs a transitory phenomenon (Kharas and Rogerson, 2012)? Are the development indicators we use to measure poverty and wealth fit for purpose (Ravillion, 2012; Sumner, 2012)? Do debates over aid in MICs reflect changes in donor countries (e.g. the Eurozone crisis and austerity) rather than an evaluation of changing development

How to become a UMIC?

The World Bank divides economies into four income groupings: low income, lower-middle income, upper-middle income, and high income countries. Income is measured using gross national income (GNI) per capita, in U.S. dollars, converted from local currency using the World Bank Atlas method. Countries are immediately reassigned on July 1 each year, based on the estimate of their GNI per capita for the previous calendar year. For the current 2015 fiscal year, low-income economies are defined as those with a GNI per capita, of $1,045 or less in 2013; middle-income economies are those with a GNI per capita of more than $1,045 but less than $12,746; high-income economies are those with a GNI per capita of $12,746 or more. Lower-middle-income and upper-middle-income economies are separated at a GNI per capita of $4,125. The World Bank provides an overview of historical classification that can be downloaded **on their website**.

needs in MICs (Glennie, 2012)? Should the development community reframe development as a national distribution issue (Sumner 2012; Furness and Negre, 2012)? Or should official development assistance (ODA) be redefined as 'global public finance' to include broader objectives, such as the financing of global public goods (Severino and Ray, 2009; Koch, 2012)? As more countries graduate from low-income country (LIC) to MIC status, fewer countries will meet current donor eligibility criteria for aid and these debates will intensify. This brief summary already hints at some of the main arguments used for and against allocating ODA in MICS (Herbert 2013; OECD 2014a), also presented in the table below.

Table 1.1 Should ODA go to MICs? Some arguments & evidence pro and contra [2]

Pro ODA to MICs	Contra ODA to MICs
ODA should target the poor, wherever they live (OECD 2014a)	
The majority of the poor currently live in MICs (Sumner 2010; OECD 2014)	According to some prognoses, low-income and fragile countries will re-establish them as the main locations of global poverty over the next 10-15 years (Kharas and Rogerson 2012).
ODA should target the poorest countries instead of the countries with enough own resources	
GNI per capita is not a good indicator for the access to domestic resources. Domestic wealth is a poor proxy for the resources within the control of domestic institutions that actually have a mandate to address social, environmental and economic issues (OECD 2014a). Also, the behaviour and consequently the development impact of ODA is different than of other resource flows (more predictable, less risk averse, more inclusive)	Having a stable and growing GNI per capita indicates MICs have sufficient domestic resources that can be mobilised to address their own development challenges.
ODA should go where it can make the biggest difference	
Working in and with MICs will be instrumental to address inequality and to provision of global public goods (and could limit the costs of ending poverty drastically) (Edward and Sumner 2013)	LICs, and especially fragile countries, often depend on ODA for the functioning of government institutions and basic service provision.
ODA should not abandon LICs	
ODA is not shifting from LICs to MICs, but more formerly LICs have been relabelled as MICs. Also, a considerable portion of the ODA that is currently attributed to MICs in fact consists of loans (often even profitable to the donor) and not grants.	Over the past decade, aid to the least developed fragile states is showing a worrying decline (OECD 2014b), whereas ODA to MICs is growing.

[2] This is a non-exhaustive overview of different arguments often used in the debate, collected from a variety of sources.

These and other arguments play an important role in the debate on the allocation and distribution of ODA. According to Hubert, the decision of individual donors to stay or withdraw from MICs with their official development cooperation is based on the consideration of three types of arguments or reasoning. A first set of arguments considers the national development needs in the middle income partner country and focuses on them to build a case for the development cooperation. A second set of arguments, and increasingly emphasized in donors' relationships with MICs, refers to the regional or global development needs. This reasoning takes regional poverty reduction and development, and/or global development challenges and the global public goods agenda as a motive for cooperation with MICs. In this case the MIC is often a hub for development cooperation with a broader aim, and often the continued relationship is seen as mutually beneficial as well as serving a more collective interest. A third set of arguments focuses on strategic relations. The underlying idea is that a continued relationship with a MIC could be of strategic value, for example for the commercial or foreign affairs agenda of the donor, or considerable influence in international governance fora and ongoing international negotiations. A key point is the overlapping natures of these different spheres, as well as the understanding that no donor will base its decision on one set of arguments only. In every donor's relationship with every MIC, all three types of arguments will have a part. The relationship will be shaped depending on which set of arguments dominates (Herbert 2013).

1.1.2 What role for UMICs in SDGs?

By the end of 2015, the Millennium Development Goals (MDGs), which have been one of the guiding frameworks for the global development agenda over the last 25 years, will expire. They will be replaced by the Sustainable Development Goals (SDGs), as proposed at the UN Conference on Sustainable Development in Rio de Janeiro in 2012. In the light of the debate on the place of ODA in MICs and UMICs, the question arises what the position and the role of UMICs are in the definition and operationalization of the new SDGs: does this new agenda follow either the arguments 'pro' or 'contra' investing ODA in UMICs? We address this question by scrutinizing the Synthesis Report of the Secretary General "The Road to Dignity by 2030. Ending Poverty, Transforming All Lives and Protecting the Planet" for the attention it gives to the UMICs or MICs.

The report comprises of 6 chapters: (1) an introduction which sets the main objectives, (2) a synthesis of the past experiences to address development problems and the road to the new SDGs; (3) a presentation of the new agenda, incl. the SDGs; (4) an overview of the means (incl. financial, technological and capacities) needed to implement the agenda; (5) important issues to be taken into account when implementing the new agenda, incl. good data availability, monitoring and evaluation, and the institutional UN framework; (6) conclusion.

Within the report middle income countries are only mentioned sporadically - and UMIC are not even mentioned once. Specific reference to MICs is found in three paragraphs (§29, §34, §51), all in the second chapter. This does not mean that the text does not apply to MICs: in essence the document calls for a global partnership and presents objectives, resources and an implementation process that apply to all countries, regardless of status. Of course, the challenges, resources offered and roles and responsibilities to implement this agenda may vary according to status, but this is – bar some exceptions – not made explicit in the text.

In summary the following roles for middle income countries can be discerned (explicitly or implicitly) in the text:

- addressing the global development challenges, including climate change, ecosystems, poverty, human rights (see SDGs 1-17);
- addressing inequalities in the own society (cfr. for instance SDG 10), and targeting specific population groups (cfr §51):

  "We also need to include the poor, children, adolescents, youth, and the aged, as well as the unemployed, rural populations, slum dwellers, persons with disabilities, indigenous peoples, migrants, refugees and displaced persons, vulnerable groups and minorities. These also include those affected by climate change, those living in LDCs, landlocked countries, small island developing states, middle-income countries, conflict countries or in areas under occupation." (§51)
- addressing challenges faced by countries in conflict and fragile states (§34):

  "Particular attention should also be given to the challenges faced by the middle-income countries and countries in situations of fragility and conflict." (§34)
- mobilizing resources to address global development challenges (§98-117 for financial measures, $118-126 for technology and §127-132 for capacity development), and specifically, the importance of engaging in South-South Cooperation (§111):

  "More countries will need to commit to increasing their contribution to international public financing and set targets and timelines to do so. In turn, South-technical assistance and the sharing of experiences through regional fora should be promoted.

Despite the limited explicit mention of (U)MICs, the report offers several arguments for donors to include or focus on this group of countries in their development cooperation strategies (the arguments providing ground for ODA targeting MICs, as summarized in the previous section). It supports the argument that it is important to channel resources and attention to address the inequalities within countries and not solely between countries, or in other words: ODA should follow the poor and not target only the poor countries. Secondly it also stresses the necessity to invest resources in fragile states – including middle income countries. Besides the role as recipient of ODA, the report also makes a case to include middle income or other 'Southern' countries as development provider, donor or partner by referring to South South Cooperation. In the next section, it will be explained that South Africa also intends to take up this latter role.

1.2 A changing South Africa: from recipient to donor

The recent evolution South Africa has gone through is another important driver of the reflections on how to best shape Flanders' future international cooperation with South Africa. South Africa's position in the development cooperation landscape is rather ambivalent: it is a recipient of development assistance, while at the same time it is increasingly taking up the role of 'donor' or – the terminology used by the South African government – 'partner' of other African countries. These roles also exhibit the two faces of contemporary South African society in terms of political aspirations and socioeconomic realities. On the one hand, South Africa is the second African economy in size, and the 27th largest in the world and the government has shown to aspire a leading role for South Africa in the African and global politics. On the other hand the country is characterized by huge inequalities (it has one of the highest Gini-coefficients in the world) and developmental challenges in large areas of the country. Balancing these two 'roles' has been proven to be a complex and sensitive political exercise – in which an emphasis on one role can impact the ability to exert the other[3].

1.2.1 South Africa as a recipient of assistance

In 2013, South Africa received USD 1.29 billion net ODA, which makes it among the 20% largest recipients of donor aid in Africa (in absolute figures). In that year, the five largest donors included the USA, France, EU, UK and Germany. Aid went mostly to education and health. However, South Africa is by far not donor-dependent: ODA represents less than 1% of its annual budget. This implies that the use and importance of aid is different for South Africa than for many other African recipients of aid.

Grobbelaar (2014: 6) and the interviewees argue that, in the case of South Africa, ODA actually frees up resources to complement the existing budgets of governmental departments or certain sectors, allowing them to (1) experiment with innovative ways to deal with socioeconomic challenges; (2) leverage domestic resources; and (3) improve service delivery. For civil society organisations, the picture is rather different, because a large number of them is highly dependent on external grants for their operation.

The role of recipient of aid is an important topic of debate within the South African government and its relations with foreign partners. The introductory section made reference to the fact that some donors are discussing or have already decided to either cancel their ODA to South Africa or to re-orient it. One of the most cited arguments to stop or reorient aid is South Africa's overall economic situation – and more specifically the country's status as a UMIC (since 2004). Furthermore, South Africa increasingly positions itself as an economic and political power in Africa or even globally (cfr. the BRICS bank – and its interest in providing assistance to other countries).

However, these arguments have also been criticized by South African policy makers and academics, who defend the importance of aid for South Africa. These advocates refer not only to the three rationales mentioned above by Grobbelaar (experimentation of policies, leverage, and service delivery), but also to the high inequalities in South African society, and the health, educational and other social and economic developmental challenges which still exist in large parts of the country. Some figures make the current development needs of South Africa painfully clear: The 2013 estimate by the World Bank gave South Africa a GINI of 0.63, landing the country in the top 5 of most unequal countries in the world and the most unequal country in the G20. Its 118th position out of 187 countries ranked according to Human Development Index (HDI) confirms the important challenges in the area of life expectancy (currently at an average of 61) and education. The same goes for health and in particular HIV/AIDS. The South African Department of Health estimated in 2012 that almost 30% of pregnant women are living with HIV-AIDS, the World Bank put the number of adults living with aids at 5.9 million in 2013 and according Statistics South Africa 31% of deaths in 2014 were AIDS related. South Africa is projected to have the 8th highest unemployment rate in the world this year, with 25% of active population unemployed, according to a new report issued by the International

---

[3] This chapter is based on the overviews reports of Grobbelaar 2014 and interviews with key people of the academic and policy world in South Africa.

Labour Organisation (ILO). This figure measures the number of *active* job seekers amongst the total population and may even underestimate the actual unemployment.

Furthermore, there is an argument to be made that South Africa has elements of a fragile state, in the sense that it is still a (relatively) young democracy faced with xenophobic challenges, and that its political and economic stability is a crucial catalysing factor for the Southern African region. Another argument brought forward to criticise cancelling aid to South Africa relates to its UMIC status. Over the last 27 years, South Africa has been categorised as a UMIC country, except in 1998 and 2001-2003. In that entire period, South Africa's status was not regarded as an argument to cancel assistance. A fourth point of critique does not so much addressing the decision in itself, but the manner in which the decision to cancel or re-orient assistance to South Africa is sometimes taken. One donor in particular, the UK, has been criticized for its – according to one of the interviewees – unilateral decision to cancel aid. This way of working does not adhere to the idea of partnerships between the South African and UK governments.

1.2.2 South Africa as a provider of development assistance

South Africa's role as a donor or, as some authors prefer to call it, 'Southern provider' of development assistance is not a new feature. Roughly, four periods can be discerned in South Africa's identity as a 'donor'.

In a first period, encompassing the pre-Apartheid period of the 1970s and 1980s, South Africa provided bilateral assistance to African countries to secure political and economic support through the Economic Cooperation Promotion Loan Fund (ECPLF) located within the Department of Foreign Affairs (in post-apartheid South Africa renamed as Department of international Cooperation – DIRCO). In addition, the Apartheid government established the Development Bank of South Africa (DBSA) in 1983 to provide funds to the homelands. In the second period – during the Mandela government – South Africa's efforts were geared towards a re-insertion into the global political and economic community, and the country tried to position itself as a bridge builder, middle power and peace builder. In the third period - roughly during the Mbeki presidency 1999-2008 – South Africa took upon itself a more active role in Africa's development and regional initiatives (incl. the development of New Partnership for Africa's Development (NEPAD)) in 2001, the establishment of the African Union in 2002, the negotiations for Southern African Customs Union (SACU) and Southern Africa Development Community (SADC). In addition, the ECPLF was replaced with the establishment of the African Renaissance Fund in 2000, which started with a budget of USD$30 million. The ARF was geared towards supporting conflict resolution, democracy, socioeconomic development and integration; providing humanitarian assistance and disaster relief; technical assistance and capacity building. However some authors (for instance Besharati, 2013) argue that the ARF was in first instance a foreign affairs tool, to forge partnerships with other nations. At the same time many other departments were involved in some kind of development assistance. Although figures are very unreliable, and should be approached with caution, available studies show that – when all engagements would be added - in 2006 South Africa's development assistance would be comparable to that of Norway and Sweden. Estimates range around 200 million USD for 2006, although newer estimates place it even at 1 % of GNI.

A fourth phase started at the end of the Mbeki presidency and the beginning of the Zuma government. To address the lack of coordination of South Africa's development assistance, the government launched the idea of establishing a separate agency to coordinate incoming and outgoing assistance. This new agency, the South African Development Partnership (SADPA) is expected to operate under the executive authority of Ministry of International Relations and Cooperation and receive policy direction from Department of International Relations and Cooperation (DIRCO). The SADPA would have a staff of about 50 to 60 people and funding coming from the former ARF, and a yearly allocation which need to be approved by Parliament (according to one source this might be about ZAR 1 billion from the ARF and about ZAR 500m from the Government). Importantly, the fund would be augmented with contributions from foreign donors for trilateral cooperation, which might raise questions about the political autonomy of this agency, according to one of the interviewees. Although the idea was already launched in 2007, the SADPA would be operational end of 2015, or 2016. Next, the development finance institutes such as DBSA and the Industrial Development Cooperation (IDC) remain important providers of development finance.

Though the institutional structure for South Africa's development cooperation is still under construction, the main characteristics of its policy are already identifiable:

- As a provider of development cooperation, South Africa positions itself as one of the protagonists of South-South Cooperation (as opposed to the North South, or OECD-DAC approach). Key principles include equal partnership (and consequently the rejection of donor-recipient relationships), solidarity, non-interference, mutual benefit, capacity building and sharing of expertise based on own experiences to address own development challenges. Furthermore the government argues that each of the countries "common but differential responsibilities (DIRCO 2013) to address global challenges. President Zuma even stated that it was 'unacceptable' that the responsibility of meeting the 0,7% to ODA for developed countries would be delegated to emerging economies, who still need to address their own historical challenges.
- Geographically South Africa's cooperation is geared towards Africa. This can be explained by referring to a supposed historical debt of the country towards those who supported the anti-apartheid struggle, as well as the growing importance of economic and political self-interest – a stable and economically prosperous (Southern) Africa is supposed to benefit also South Africa's economy. Furthermore, South Africa is receiving a growing economic competition from other African countries, such as Nigeria. Hence, development cooperation can act as leverage for economic interests.
- In terms of sectors, South Africa supports in first instance initiatives related to peace building, conflict mediation, post-conflict reconstruction. However, since these projects have not brought about the economic opportunities which some would have hoped for in recent years South Africa has gradually put more emphasis on assuring economic benefits in its cooperation. In addition, energy is a growing sector of cooperation.
- Policy makers are attaching a growing importance to the private sector in development cooperation, as well as cooperation model in which trade and investment are complemented by aid.
- Regional cooperation, integration and institutional strengthening remains one of the main foci of South Africa's development policy (e.g. participation in AU, SADC, NEPAD).
- The country advocates strongly for a rebalance of the global power, by actively promoting a levelling playing field in international fora as well as participation in Southern dominated organisations, such as IBSA and the BRICS.

- South Africa sees itself as a bridge builder between North and South and as a gateway to Africa due to its developed banking system, diversified economy and infrastructure. As a result, the country promotes trilateral cooperation, in which South Africa would be the pivotal country, providing the necessary expertise and know-how, while OECD-DAC or other partner act as the provider of financial resources.

1.2.3 Implication of dual donor-beneficiary identity

The dual role of South Africa in development cooperation offers opportunities as well as challenges for donor countries. Opportunities refer mainly to South Africa's role as donor (or development provider or development partner): 'traditional' donor countries (i.e. OECD-DAC members) and multilateral organisations can explore trilateral partnerships with other (African) LICs or MICs, in which South Africa's expertise in tackling its own challenges can be used to address development issues in the latter countries. Due to its relatively recent nature and the evolving institutional structure of South Africa's cooperation agency, these trilateral partnerships are still in their exploratory phase. Another justification to provide ODA to South Africa could be linked to the increasing role played by South African multinationals all over Africa. Especially in the retail sector and the mining sector, South African companies are very active all over the continent, but also in other areas such as the media and telecom, they are an important player. By supporting, for example, trade unions or international networks that monitor the practices of South African companies abroad, and that are able to network with their counterparts in other African countries to build-up a counter force against poor labour or environmental practices, a broader development agenda can be strengthened.

As with each country that evolves from recipient to donor (e.g. Brazil, India, China), donor countries see themselves faced with the potential dilemma of offering assistance to a country which in turn offers assistance to other countries. In the case of South Africa however, this challenge is less prominent, because the country will most probably not dedicate a lot of own financial resources to development cooperation activities – most will have to be mobilized from third partners (i.e. traditional donors) in trilateral projects.

Arguably the most important issue to take into account for donors in this evolution is that within South Africa itself diverging viewpoints and tensions exist about the identity of South Africa in development cooperation landscape and how to balance these different roles.

2 | A trio of changing donor policies toward South Africa: Switzerland, Denmark and the Netherlands

Donors have responded in different ways to the contextual trends summarized in the previous chapter. As part of a policy approach to reduce the number of MICs in their country portfolios, some countries have decided to phase out the bilateral development cooperation with South Africa (e.g. Sweden, Denmark, the Netherlands, UK); whereas other donors are moving in the same direction by decreasing the resources allocated to South Africa (e.g. EU). Other donors emphasize the importance of strategic relations with MICs and have maintained or even increased their budget and activities in South Africa (e.g. Germany), while yet other donors consider the development needs in South Africa still as very high, prompting a steadily increase of the aid to South Africa (e.g. USA and France) (Herbert 2013). This section explores the recent policy choices of three OECD DAC donors - Switzerland, the Netherlands and Denmark - regarding their ODA-funded bilateral aid relationships with South Africa. All three countries are in the process of reshaping their relationship with South Africa, but all three do so in a different manner, offering interesting lessons on the possible routes and the conditions and implications of walking them.

Figure 2.1 Overview: Swiss, Danish and Dutch development cooperation with South Africa

Switzerland

- Overall net ODA budget in 2013: 3.2 billion USD
- Decided to phase out technical assistance and financial aid to South Africa in 2005, and reoriented towards economic cooperation. Phase out is still ongoing.
- **Gross ODA to South Africa: 11.4 million USD in 2005 and 8.89 million EUR in 2013**
- Active in different sectors, including energy efficiency and capacity building

Denmark

- Overall net ODA budget in 2013: 2.9 billion USD
- Decided to phase out development cooperation in 2007. Phase out is still ongoing.
- **Gross ODA to South Africa: 23.4 million USD in 2005 and 1.46 million USD in 2013**
- Focus on renewable energy and B2B initiatives

The Netherland

- Overall net ODA budget in 2013: 5.4 billion USD
- Decided to phase out development cooperation in 2011, transitioning to economic relation.
- **Gross ODA to South Africa: 75.7 million USD in 2005, 37 million in 2010 and 10.2 million USD in 2013**
- Strong focus on social infrastructure, mostly through indirect development cooperation with national NGOs, and PPPs

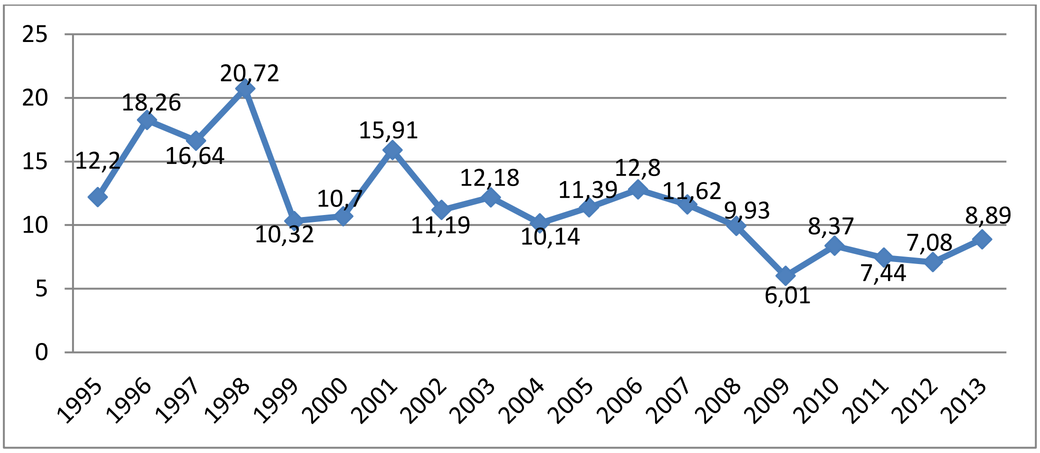
* Preliminary ODA figures for 2013. Figures for ODA to South Africa are in constant prices (deflated amounts) and include adjustments to allow for inflation rate changes in donor countries as well as changes in exchange rates between the donor currency and the US dollar over the same period.

Source OECD-DAC aid statistics consulted on http://stats.oecd.org and www.compareyourcountry.or , June 2015.

2.1 Switzerland

Switzerland revised its relation with South Africa in 2004, mainly as response to the South African promotion to middle income country status. At that time it was decided to reorient the Swiss-South African development relation, moving away from technical and financial assistance towards a focus on economic and trade measures. This decision was gradually translated into practice between 2005 and 2015. The particular institutional set-up in Swiss development cooperation has played on important role in this evolution.

Figure 2.2 Swiss bilateral ODA to South Africa (million USD)



Source http://stats.oecd.org consulted June 2015

2.1.1 Two channels for bilateral ODA

The Swiss international cooperation focuses on the reduction of poverty and the lessening of global risks. It has two development agencies to put this objective into practice: the Swiss Agency for Development and Cooperation (SDC) and the State Secretariat for Economic Affairs (SECO). The 2012 Message on International Cooperation to Parliament clarifies the task division between both agencies. SDC is authorised for the provision of humanitarian assistance and for technical cooperation and financial aid for development countries. SECO's competence is the economic and trade policy measures within the context of development cooperation. Cooperation with states of Eastern Europe and the Commonwealth of Independent States is a competence that SDC and SECO share. SDC concentrates its development cooperation on the world's poorest regions, with a mix of stable poor countries and fragile contexts in its action radius. SECO's main priority is to promote sustainable growth and to do so it explicitly concentrates its bilateral measures on the MICs (SDC and SECO 2012).

This task division mirrors the budgetary structure behind the Swiss ODA commitment: In 2012 Switzerland committed approximately 12.36 billion[4] USD ODA for the period 2013-2016, to be divided over four domains: 17.8% for humanitarian aid; 61% for technical assistance and financial aid (both to be spent bij SDC); 11.3% for economic and trade policy measures in developing countries (to be spend by SECO); and 9.9% for the cooperation with Eastern Europe and CIS. Or, in brief, both SDC

[4] 11.35 billion CHF at the currency rate of 15/02/2012, the day the Message was presented to parliament.

and SECO have an explicit mandate to spend ODA. In the case of South Africa both agencies spend ODA, and the evolution in the development cooperation between Switzerland and South Africa is reflected in the changing involvement of SDC and SECO.

2.1.2 From development to economic cooperation

In 1995, shortly after the fall of the Apartheid, SDC put up a special programme for South Africa, focusing on conflict prevention and poverty reduction. Nine years later, in 2004, as South Africa again reached the level of a upper middle income country, the decision was made that it would become a priority country for the SECO. Parallel with the phasing out of its bilateral projects with South Africa, SDC gradually reoriented its programme towards broader challenges and imbedded it in a regional strategy at SADC level. The Southern Africa strategy was complemented with a (bilateral) humanitarian programme in Zimbabwe as of 2008 (SDC 2013). Simultaneously SECO built its presence and activities in South Africa.

This evolution was spread out over a period of 10 years. The peer review of 2005 still mentions SDC's special programme in South Africa, but also lists it as a priority country for SECO. In the peer review of 2009 South Africa is no longer on the list of special programmes and only appears in the portfolio of SECO (OECD-DAC 2009; OECD-DAC 2005). However, although many projects were terminated throughout 2005 and 2006 (Baumann 2014), the phasing out of some SDC activities was only planned for 2014 and was still ongoing by beginning 2015[5] (OECD-DAC 2013:40, Interview SDC, January 2015).

In 2005, SDC's development activities in South Africa valued 5,5 million million CHF and were aimed mostly at HIV/AIDS, Governance and Democracy, as well as Natural Resources. Beginning 2015 the phase-out of all but 2-3 projects has been completed. In 2005 SECO's development activities in South Africa equaled a budget of approximately 4.0 million CHF. For 2013-2016 the SECO committed approximately 67.4 million[6] USD for its activities in South Africa. These funds would be distributed over three main objectives: 40% targeted at building a competitive economy and sustainable employment; 30% towards efforts related to climate change and 30% towards strengthening South Africa as a regional centre of expertise (SECO 2013:20). SECO decided to pursue these three objectives in response to three important challenges South Africa faces today: Firstly, the unemployment and spatial, economic and social inequalities manifested in a dual economy system; secondly, the access to secure sources of fairly-priced clean energy, and opening up the market to independent providers, as part of South Africa's reponse to climate change; thirdly, the lacking capacity and the resources to execute its role as a champion in to assist neighbouring countries in building up expertise in economic governance practices and creating awareness of the benefits of regional trade integration (SECO 2013:15–18).

[5] This was the program on small claims courts as a means to reduce the work load of judicial courts, in cooperation with the Ministry of Justice.
[6] 60 million CHF at average currency rate for 2013.

2.1.3 Motivation

The main driver for the changes in the Swiss-South African development cooperation has been the changing macro-economic situation in South Africa and its promotion to MIC status. Although not a formal one, it is considered a rule in Swiss development cooperation that when a recipient country reaches MIC status, the cooperation is reoriented. The underlying view is that throughout their development process, developing countries need different types of support: first humanitarian assistance in case of a natural disaster or a manmade crisis along with conflict resolution and peace building measures if necessary, next a focus on development and the establishment of an environment that is conducive for economic development, at which point SECO will move in, first complement and finally replace SDC. Phasing out SDC activities happens parallel to the scale-up of the SECO's activities, and often they are in the same sectors. The objective is to ensure both continuity as well as evolution. The same decision was taken in the cooperation with Vietnam and Tanzania, but there have also been exceptions to this rule when for example human rights issues or conflict made a continued presence important (e.g. Jerusalem) (Interview SDC, January 2015).

The choice to move the programme to a regional level instead of replacing it by bilateral cooperation with a new partner country was a strategic one: as there are no other emerging economic powers in the Southern African region, SDC' assessment was that a regional approach would benefit the individual countries more than additional bilateral cooperation. Although by no means without challenges, SDC considers the cooperation with SADC is very promising and holding huge potential.

The SECO build its current programme on the lessons learned from the previous one (for 2009-2012) and on a context analysis. One of its findings is that the main challenge in South Africa is not so much a lack of development strategies or analytical frameworks, but is instead centered on implementation. SECO also concluded that: "the priority need for South Africa is not financial assistance, with the exception of large infrastructure financing backlogs, climate change financing and access to finance for SMEs. (…) More emphasis, if possible, should be focused on innovative forms of support, pioneering new approaches, risk mitigation to create an enabling environment to attract investments and skills transfer as well as addressing capacity gaps" (SECO 2013:14).

2.1.4 Implications

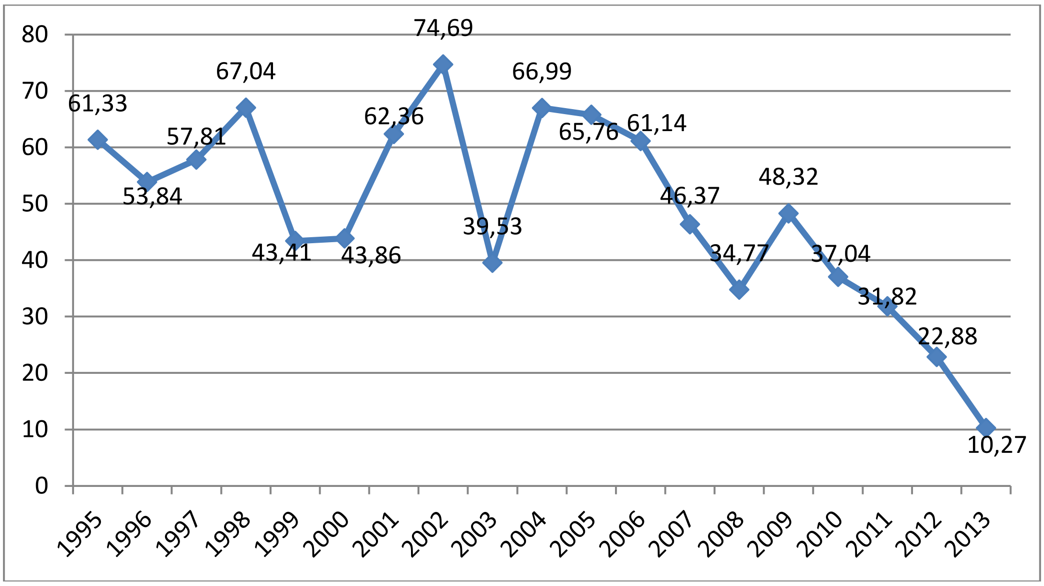
The reorientation of the cooperation with South Africa was only decided for the bilateral cooperation, and not for the indirect cooperation through Swiss CSOs. However, it does have repercussions for Swiss CSOs working in South Africa, as SDC no longer needs to engage with Swiss NGOs as partners in project implementation in South Africa. In fact, many of the CSOs SDC is partnering with in their context of regional programme are based in South African. This also means that SDC, through such partnerships, is now tapping into South African resources.

The relations between Switzerland and South Africa do not seem burdened much by the reorientation in the development cooperation. This may be partially explained by the fact that the replacement of SDC by SECO, as well as the start-up of the regional Southern Africa programme has meant that, in practice, both SDC's and SECO's presence in South Africa has increased. Another explanatory factor may be the regular high-level political consultations that Switzerland maintained with South Africa and that provided a good forum to announce and discuss the decision to phase-out with South Africa. Also, with both SDC and SECO participating in these consultations and the national consultations, and with the latter gradually replacing the former, the transfer of expertise and network could also be gradually.

2.2 The Netherlands

End 2011 the Netherlands decided to transform its bilateral relations with South Africa, Colombia and Vietnam from a development relation to a mutually beneficial economic relation (Knapen 2011). This decision had a strong impact on the Dutch development cooperation with South Africa. Officially there is no more Dutch development cooperation with South Africa anno 2015. However, the Netherlands still spend ODA in South Africa (Interview Dutch Embassy, March 2015).

Figure 2.3 Dutch bilateral ODA to South Africa (million USD)



Source http://stats.oecd.org consulted June 2015

2.2.1 Transitioning

The shift in the relationship with South Africa was part of a bigger shift in the Dutch development policy that had been downsizing as well as reorienting development cooperation toward more economic sectors after a critical 2010 report by the Dutch Scientific Council to the Government (WRR). One of the changes this provoked was the halving of the number of partner countries, as well as the gradual reduction of the ODA budget for the Dutch partner countries considered as having a healthy economic growth (Bangladesh, Ghana, Indonesia and Kenya). Additionally, the transition facility was launched, a new approach to be used in a selection of former partner countries that were (almost) middle income countries: South Africa, Colombia and Vietnam (Knapen 2011).

The transition facility can be best understood as a ring-fenced budget to be used for the provision of grants through the integrated deployment of the different existing private sector instruments (cfr. Bedrijfsleveninstrumentarium) managed by the Ministry of Foreign Affairs, the economic diplomacy, the Ministry of Economic Affairs and the local embassies, in order to improve the investment climate in those sectors that hold opportunities for Dutch companies. This means the transition facility can use existing private sector instruments to tap into both ODA and non-ODA funds. The first should especially serve at the beginning of the transition period, to stimulate local private sector development and the improvement of the business climate. The latter should increase in a later stage of the transition and would be used to promote the interests of Dutch business. When both objectives are pursued in the same initiative, counting it as ODA or not would depend on which of the goals preponderates (Knapen 2011; Knapen and Bleker 2012).

Launched in 2011, the facility will phase-out by the end of 2016. This means that for South Africa, Colombia and Vietnam, the only remaining window for Dutch ODA in the framework of bilateral cooperation will close in 2016. The idea is that this phase out can be compensated by the activities of the Dutch Good Growth Fund. The DGGF, operational since July 2014, will by that time control a capital of at least 175 million euro for each of its three funding windows that can be used to support export to, investment in and SME development in 66 emerging and developing countries. To give the trasition period a clear sense of direction, the three respective embassies were asked to develop a multi-annual transition strategy, in consultation with Dutch businesses and knowledge institutions and incorporating a mapping of local business opportunities for Dutch companies.

2.2.2 Current ODA flows

The multi-annual strategy for South Africa, as defined by the Dutch embassy in Pretoria, focused on the sectors water, transport, logistics and renewable energy (Knapen and Bleker 2012). The transition facility was officially launched in 2011 but its first projects in South Africa were initiated in 2012 and the bulk of the activities started only in 2013. Consequently, it remains early to evaluate. 2015 is the final year for the closing of new contracts, and as of 2016 only the implementation and supervision of ongoing projects will remain.

Especially the use of ORIO[7], the Facility for Infrastructure Development, has proven important in the South African case. Although officially part of the private sector toolkit, ORIO projects often fit a traditional development cooperation approach. It supports the development of public, commercially non-viable infrastructure through grant investment in project development as well as in the construction, building, maintenance or exploitation of infrastructure, often in co-funding with local government. In the case of South Africa, five out of the six initiated ORIO-projects are in the water sector. The underlying idea is by launching projects in a sector that might hold opportunities for Dutch companies, ORIO can contribute in building demand in this sector which may result in public tenders in which Dutch companies can participate.

Next to ORIO, several other channels are still used for development cooperation with South Africa, such as the Fund for Sustainable Water, the Programme Small Projects (a budget managed by the embassy for small projects), through the cultural department and the human rights department. A

[7] ORIO stand for 'Ontwikkelingsrelevante infrastructuurontwikkeling', it has recently been replaced by DRIVE or 'Developmentally Relevant Infrastructure Investment Vehicle'

part from the ORIO portfolio, Dutch ODA is also channeled to South Africa through the Fund for Sustainable Water,

2.2.3 Motivation

The decision to terminate development cooperation with South Africa was preceded by a rather critical review of the Dutch development cooperation in general by the Dutch Scientific Council in 2010. It argued that the Dutch development cooperation was too fragmented and that it had to reduce the number of partner countries in order to become more effective. What followed was a rather drastic reconsideration of the Dutch partner country list, with only 15 out of 33 countries withheld. The selection of the partner countries, and consequently also of which countries to cut, was based on a number of criteria, such as the possibilities and opportunities to achieve development results while serving Dutch interests and focusing on Dutch focal sectors; the national income, development challenges and the potential for mobilisation of domestic resources through taxation; the dependence on ODA; the added value Dutch development cooperation could have (Knapen 2011). This selection process has led to the decision to cut South Africa as a partner country but selecting it as one of the three countries that would still be eligible for activities financed through the transition facility. The choice for South Africa was explained by the relevant expertise and network built up throughout past development cooperation, as well as by the interest of Dutch business in the trade- and investment opportunities in the country.

2.2.4 Implications

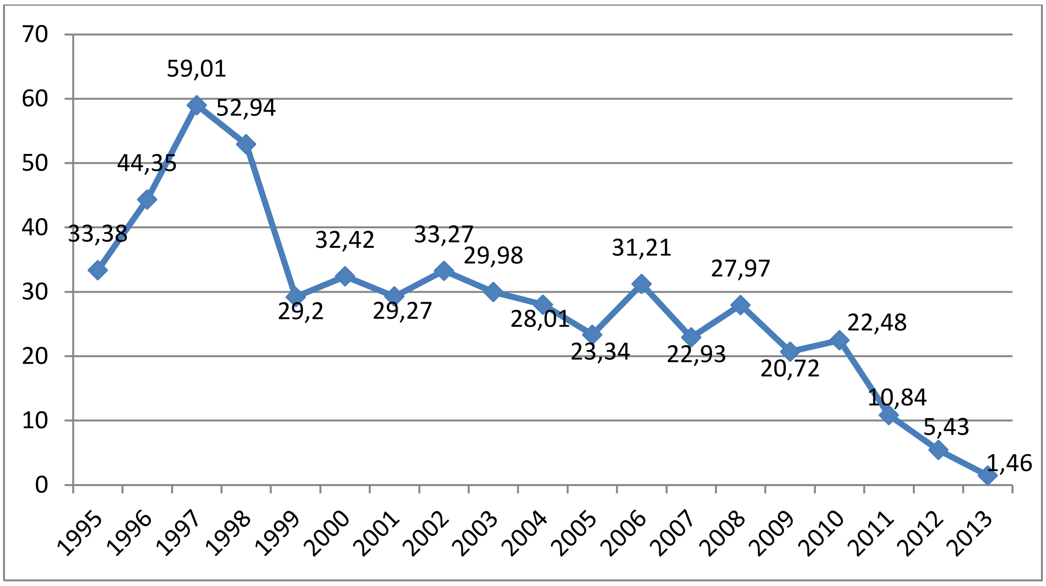
Despite the fact that the transformation in the development relation has been on the agenda for over 10 years and had in fact been announced since 2005, the actual implementation may have taken some South African government actors by surprise. The decision is especially regretted in the health sector, as the different tools to which the transition facility provides access do not cover this sector. The decision also entailed the phase-out of the successful cooperation in the sector of education, whereas many if not all actors confirm that skill development and education remain one of South Africa's top challenges, including for the improvement of the business climate. In the water sector, on the other hand, the different possibilities made possible through the continued use of ORIO, are very much appreciated.

Institutionally, the decision led to the downsizing of the Dutch embassy in Pretoria, from a big down to a medium-sized embassy. Not only the number of staff changed, but also the internal composition. With 9 out of 30 people, the economic affairs department became the biggest department. This demonstrates well how a shifting policy focus can and often should have institutional repercussion to keep institutional capacity in line with the policy priorities.

2.3 Denmark

Denmark provided bilateral development assistance to South Africa since 1995. The bilateral development assistance to South Africa has since 2007 been gradually phased-out. However, Denmark still has smaller strategic programmes in South Africa, for instance on renewable energy, and a regional programme on peace and security. Parallel to the phasing out of development cooperation, Denmark decided to develop a new type of partnership between Denmark and South Africa, with an increased emphasis on political cooperation and commercial relations.

Figure 2.4 **Danish bilateral ODA to South Africa (million USD)**



Source http://stats.oecd.org consulted June 2015

2.3.1 From development cooperation to strategic cooperation

Like the other Nordic countries, Denmark's relationship with South Africa dates back to their strong support in the struggle against Apartheid. After, Danish development cooperation supported the South African transition to democracy. Over time, South Africa became somewhat of an exception in Danish development cooperation, as it was wealthier than the traditional recipients of Danish development assistance. Still, cooperation continued because Denmark wanted to support South Africa's transition to freedom and democracy. In 2007 the Danish government developed a new Africa strategy, based on the analyses of African, Danish and international experts. At that time, it was decided that development cooperation with South Africa should be gradually scaled down and adapted to Danish priorities or initiatives aimed at strengthening South Africa's regional engagement. This process of restructuring and reducing Danish development assistance to South Africa was initiated in 2007 (The Danish Government 2007) but had been announced and discussed with South African counter parts before then (Interview Danish Embassy 2015).

In line with the new Africa strategy, as of 2007, the Danish development funds to South Africa were to be used exclusively in areas "considered to be of strategic importance and which contribute to ensuring better opportunities for the black and coloured segment of the population in the private sector as well as fighting corruption and HIV/AIDS and promoting gender equality". Simultaneously, Denmark's regional engagement in Southern Africa, focusing on peace, security, democratisation and regional economic integration in Southern Africa was strengthened and South Africa was used as operating base (Ministry of Foreign Affairs of Denmark 2010:17).

Next to this reorientation, the cooperation also faced a significant although gradual downsizing. It was projected in 2010 that bilateral activities with South Africa would decrease from a total annual budget of 100-150 million DKK up to 2009, to approximately 25 million DKK per year in new pledges for bilateral activities and 30 million DKK annually for regional activities (support to think thank with a regional scope) as of 2012 (Ministry of Foreign Affairs of Denmark 2010). The phase out was in its final stage beginning of 2015.

2.3.2 Focal areas & approach

The areas considered of strategic importance, were energy and ICT, because Danish companies have leading competencies in those sectors. Additionally, several traditional sectors were selected because of their unrealized potential, including health (pharmaceutical products and system export such as waste disposal and electronic patient journals), agriculture (particularly in combination with biomass facilities), food production and processing, fishery and aquaculture, and mining.

To channel the Danish support to these areas of strategic importance, Danida's commercial instruments[8] were put into play: the Business-to-Business Programme (B2B), Innovative Partnerships for Development Programme (IPD) and the Programme for Mixed Credits (BK). In the selection of projects, poverty alleviation and Broad Based Black Economic Empowerment (BBBEE) and additionality[9] were to be key criteria. It was envisioned that the Programme for Mixed Credits (BK) would focus on the climate and energy sector, the B2B Programme on the same sector as well as the agricultural and environmental sectors, and the IPD Programme to support strategic Corporate Social Responsibility (CSR) and Base of the Pyramid (BoP) projects.

Parallel to the scale-down of development cooperation and the focus on key sectors, more emphasis was put on maintaining strong political ties and strengthening political cooperation. Regular high-level political consultations focused on promoting mutual Danish and South African interests, increased exchange visits between Denmark and South Africa, including Ministerial visits and parliamentary delegations and a strengthened joint Nordic dialogue. Also, the Danish institutional capacity[10] to provide commercial and political advice for Danish companies interested in examining specific opportunities for starting a business, exporting or finding a partner in South Africa would be strengthened.

Beginning 2015, the remaining portfolio amounts to approximately 20 million DKK annually, or approximately 3 million USD annually, divided over several activity streams.

A first part of that budget goes to the remaining B2B projects, (later replaced by Danish Business Partnership), which is currently being phased out. The B2B Programme was initiated in 1995 as part of Denmark's transitional assistance to South Africa. The idea behind B2B was to support Danish-

[8] The Danish Business Program is currently frozen and under evaluation.
[9] Projects and activities will only be approved for funding if they cannot be realised without the support of Danida (additionality)
[10] These institutions are the Trade Council under the Danish Ministry of Foreign Affairs, Eksport Kredit Fonden/Export Credit Fund (EKF), the Industrialisation Fund for Developing Countries (IFU) and Danida under the Ministry of Foreign Affairs. The four organisations work together in the GoGlobal collaboration.

South African partnerships and start-ups through loans and guarantees. On-going projects will be managed and monitored until they are completed, but no new project applications are accepted.

A second component is the Danish support to five South African think thanks and knowledge institutions that all have a regional scope and work on topic such as peace, security and reconciliation. A first phase of this regional programme ran from 2010-2012, a second phase is currently running from 2013 to 2016 and covers a budget of 20 million DKK. The objective is to advance and strengthen the regional integration in Southern Africa, while the cooperation at the same time also provides Danish development actors with access to expertise and research on South African and regional matters.

A third, often cited and praised component, is the Danish energy program aimed at assisting South Africa in developing its renewable energy sector. At the core of this program is a partnership between the Danish Laboratory for Sustainable Energy (Risø DTU) and South Africa's National Energy Research Institute (SANERI) for the development of a wind resource atlas in South Africa. The programme also contains capacity building on data and information management and on the design of a tender process, and technical assistance to support the Department of Energy and Escom. In view of the Danish expertise in wind energy, developing this sector leads to more public tenders in which Danish companies can participate. So far approximately 50% of the MegaWatts in wind energy tendered will be delivered by Danish companies. This component currently covers the main part of the budget: 40 million DKK for the period 2013-2016. A fourth, small component, is a limited budget for small projects, managed by the embassy.

2.3.3 Motivation

A general motivation in the Danish policy shift, was the ambition to develop a broad partnership with South Africa that would serve both Danish and common interests. South Africa was considered as an important partner for Denmark, in part because of its key role on the African continent bilaterally and regionally for Denmark. With increasing engagement in weak states and an objective to contribute to conflict resolution and to promote regional cooperation in Africa, it was of importance for Denmark to have close political dialogue with South Africa and implicated the country in its regional approach.

Additionally, the decreased national development needs of South Africa also weighed on the decision. The Danish analysis stressed that there clearly remain important development challenges in South Africa: young institutions have to be fine-tuned and policies refined, and in the areas of health and education, housing and infrastructure South Africa, or some of its provinces, should in fact be considered as a traditional country.

2.3.4 Implications

Institutionally, the policy shift has meant that the Danish representation in South Africa does not have a development representative since 5 years, and consequently no longer participates systematically in donor consultations. The composition of the overall staff has changed, with development profiles being replaced by economic profiles. This is more in line with the current tasks of the embassy, including assisting Danish business to explore possibilities in South Africa (a paid service provided by the embassy). The past 10 years have learned however that the expertise, the network and the connections of the remaining staff with work experience in development cooperation with South Africa, proved crucial to build the aid to trade agenda and open doors for Danish business. Also, the reduction of the internal expertise and competences on development cooperation may have hindered an opportune follow-up of the remaining development activities. This in turn may have reinforced the trend to reduce the budgets for development cooperation with South Africa, whereas diplomatic and economic relations may still benefit from a continuation. Also, despite the ambition to maintain and strengthen the political relations, the experience so far is that it has become much more difficult to have high level political contacts with South African officials. This is an interesting illustration of how, even on a small budget, being a donor can act as leverage for economic and diplomatic agenda’s.

2.4 Looking across the board

The previous section presented three different cases, each with their own story. Together they convey several important points to take into consideration in a reflection on future relations with South Africa:

- **There is an in-between** – All three cases have chosen to reorient their relation with South Africa away from development cooperation and towards a different type of relation, more in line with normal state-to-state relations based on international and economic cooperation. However, when these donors state they no longer have development cooperation with South Africa, this does not necessarily mean they no longer spend ODA in South Africa. Instead they employ ODA - outside of their development cooperation framework - to work on issues they consider important in the transition toward a new type of relationship. In two of the case (the Netherlands and Denmark) this is also combined with an explicit agenda to build economic ties that will benefit the donor-country private sector in the long term.
- **Institutional set-up can determine the options** – Firstly, the institutional set-up in part determines the possibilities of giving a different turn to the cooperation, as the case of Switzerland illustrates: with SECO Switzerland has the institutional capacity to literally hand-over cooperation with South Africa to a more economically driven development actor. In this it is important to point out that SECO has an explicit development mandate and should not be seen as only the Swiss export promotion agency. With the ‘Transition Facility’ the Dutch opened a funding window that allows them to use a large set of private sector instruments in their cooperation with South Africa. By doing so, they can mobilize expertise, funding and institutional capacity from across their private sector toolbox. These examples show that with each of the chosen paths, a certain institutional investment had to be made.
  - Secondly, giving a different turn to the cooperation, will also affect the institutional needs, not in the least on the ground in South Africa. Changing focus and/or scale may require different competences and staff capacity. Changing the mandate of the representation on the ground, as well as changes in staff composition will also have their repercussions. If badly managed, they may lead to loss of expertise and network, giving the ‘new’ relationship a bad start. If well-managed, existing expertise and networks may be used as a stepping stone for future relationship.

- **This is not just a decision about development cooperation** – It may seem obvious, but changing directions in the development relationship will affect relations in other areas such as economic and diplomatic relations. The cases above illustrate how no longer being present as a donor also means there is a tool less in the toolkit for international cooperation with South Africa, a tool that could open doors to high-level political contacts, opportunities for economic cooperation or cooperation in international policy for a and negotiations.
- **The messenger matters** – The manner in which the decision to phase-out development cooperation is taken, the manner it is communicated to the South African partners and government and the exit approach can affect the impact of the decision in a positive and negative sense. A high-level messenger, direct communication with government before public announcement, and a remained presence on the ground, even if in a different capacity, may have a positive effect. An unexpected retreat, based solely on the UMIC-status argument may have a negative effect.

3 | Flemish approach

3.1 Getting to the present

Cooperation between Flanders and South Africa dates back to 1994 and was initiated soon after the first democratic elections in South Africa. Initially, the Flemish support was aimed at poverty reduction in South Africa and consisted of a great number of small projects and initiatives initiated by different government departments, universities, CSOs and business organization. During the 2000s several policy and legislative steps were taken to increase coherence in Flemish development cooperation[11], i.a. leading to more focus in the cooperation with South Africa. South Africa became one out of only three Flemish partner countries and Flemish development cooperation decided to focus on three provinces Free State, Limpopo, KwaZulu Natal[12] and on the issues of SME development, agribusiness development and food security.

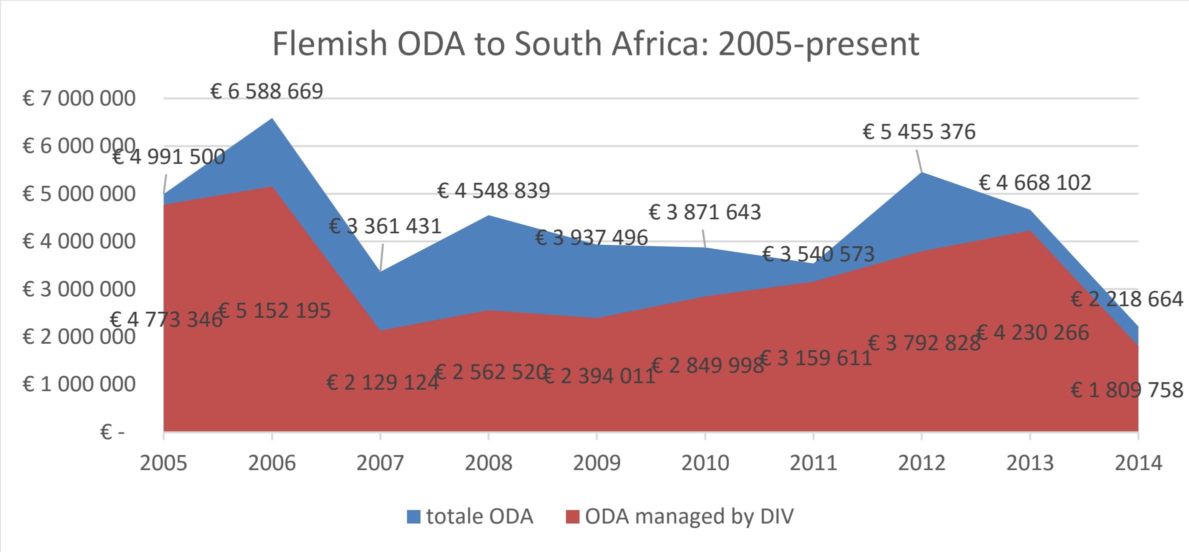
Over the past decade, overall Flemish ODA to South Africa on average amounted to 4.8 million EUR yearly. This budget covers all resource flows reported as ODA, including those undertaken outside of the policy domain of development cooperation. However, the portion of ODA that falls under the budget of development cooperation and that is managed by the Flanders Department of Foreign Affairs has increased gradually over the past years, and stood at 81% of all Flemish ODA to South Africa in 2014. It is important to keep in mind this diference: whereas Flemish ODA to South Africa covers all ODA accountable expenditures designated to South Africa, the budget for development cooperation under supervision of the Department of Foreigns Affairs covers only (a very significant part) of this. Over the past decade, this budget amounted to 3.28 million EUR a year on average.[13]

[11] This included (1) the introduction of the first five-year Country Strategy Papers as of 2005; (2) the establishment of international development agency, FICA, in 2006 – since 1 April 2014 integrated into the Flanders Department of Foreign Affairs - to spearhead the Flemish bilateral cooperation with the partner countries; (3) the 2007 Framework Decree on Development Cooperation that required the various Flemish departments and agencies to align their support with the priorities of Country Strategy Papers. Strategically, the Flemish Government decided to concentrate its development cooperation on a limited number of countries in Southern Africa and on a limited number of themes. The three partner countries are South Africa, Mozambique and Malawi. The selected themes are food security and (1) agriculture and food security, (2) health and combating HIV/aids,(3) education, (4) sustainable entrepreneurship and sustainable trade

[12] In line with a previously negotiated MoU (2001).

[13] In 2014 it amounted to 1.8 million EUR, however, yearly figures may lead to confusion as it brings out variation from one year to another, whereas it is actually quite normal that within the framework of a 5-y plan, some years more money is spent than others.

Figure 3.1 **Flemish ODA to South Africa**



Source ODA Database

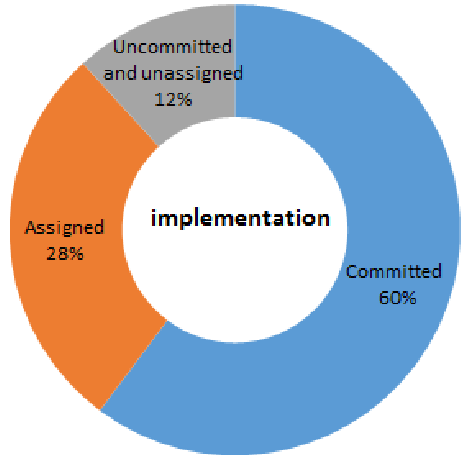
With the bigger part of the ODA spending under its wings, the main government actor responsible for the governance of the ODA to South Africa, is the Flanders Department of Foreign Affairs. Also deeply involved in the disbursement is the General Representation of the Flanders Government in Pretoria, which has a strong stake in the identification, design, and follow-up of the different projects and partnerships in the Flemish portfolio. Several other government departments also provide ODA to South Africa, most significantly the Department of Culture, Youth, Media and Sports, and the Department of Economy, Sciences & Innovation. Over the past few years the latter provided support to research in the sectors of water provision and sanitation, reproductive health, and stockbreeding, whereas the formed worked on youth volunteering. However, as figure 3.1 shows, their share in development cooperation with South Africa has decreased.

Another relevant actor, although not directly involved in the governance or implementation of development cooperation, is the representation of Flanders Investment and Trade (FIT) in Johannesburg. FIT is the government agency that promotes sustainable international business in Flanders as a driver for the social and economic development of our region. FIT does so by supporting the international activities of Flemish companies and by attracting foreign investors to Flanders. Currently, there is little structural communication and cooperation between both local representations (Interview DIV Pretoria, 2015; Interview FIT South Africa, 2015).

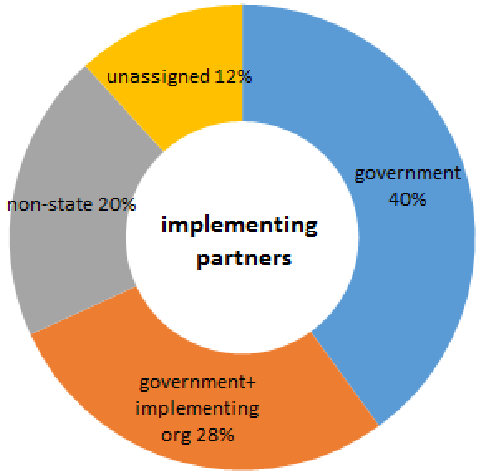
Until very recently, Flemish development cooperation with South Africa has existed side-by-side with the Belgian development cooperation that chose South Africa as a partner country in 1998. Due to the political choice to focus Belgian development cooperation on the African region and on fragile states and LICs, South Africa was deselected as a partner country in June 2015.

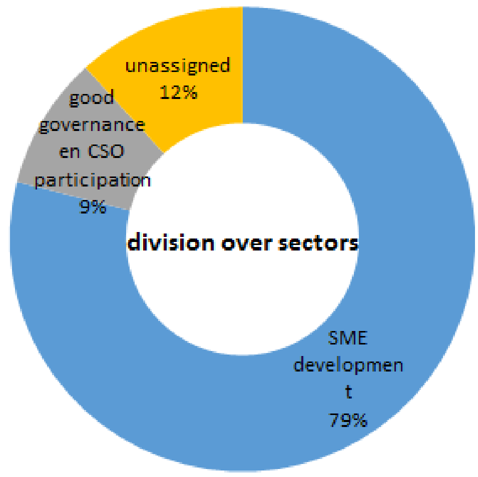
3.2 Current situation

The following state-of-play focuses on the official budget for development cooperation managed by Flanders Department of Foreign Affairs. This some Flemish ODA expenditures (disbursed outside of the official budget for development cooperation) to South Africa is not represented in this overview. This focus is substantiated by the fact that an increased portion of ODA to South Africa falls under supervision of the Flanders Department of Foreign Affairs and by the assumption that any policy decisions regarding development cooperation with South Africa would affect this part of ODA spending directly.



The total official **budget** for bilateral development cooperation with South Africa for the period of 2012-2016, amounts to 25 million EUR. Currently approximately 88% of this budget is committed (15 million EUR) or assigned (7 million EUR), and prospection and negotiation for the remaining 12% of the budget are in an advanced stage. Looking at it project-wise, there are currently 11 ongoing projects and 4 to 5 projects in the pipeline (latest start-up would be mid-2016). Taking into account an average duration of 3 years, this means that with the current state of affairs, the CSPII will have operational projects until the end of 2019.





Flanders negotiates, plans and implements projects with different types of **partners**, but its portfolio shows its insistence on involving the local government (both at the national and the provincial level) wherever possible: almost 70% of the budget is being spent with the clear involvement of the local government. Involving the local government is not been without challenges, as several observers and donor representatives have pointed out. Flanders has chosen to address these challenges by including, in some cases, a third implementing partner (e.g. ILO). This tripartite set-up has created the opportunity to advance with the project implementation while simultaneously keeping on open door for local government. In hindsight Flanders' insistence to involve local government has proven important in ensuring their buy-in from local government and building towards long-term sustainability of the project activities and results. Flanders also has partnerships with CSOs, especially CSOs that advocate for and try to ensure better government accountability.

CSPII, covering the period from 2012-2016, states that Flanders and South Africa have agreed to a **focus** on: (1) job creation through small enterprise development, and (2) smallholder agriculture and food security. By the beginning of 2015 however, the active project portfolio corresponds mostly to the first focal theme, with a total budget of 19.7 million EUR (committed or assigned). The portfolio also includes several smaller projects addressing the issue of good governance and civil society participation.

The intention to expand the portfolio in order to include more projects in the domain of agriculture and food security has been dropped after an external mid-term evaluation concluded it had limited added value to do so (White 2014). Instead additional partnerships in the domain of job creation and SME development are being negotiated, still within the framework of the 2012-2016 Country Strategy. This means that the 2012-2016 development cooperation with South Africa has a strong **private sector** dimension, with an explicit focus on SME development.

Especially regarding its approach to SME development, Flanders is praised by several of its partners and other donors for its flexibility, its ability to deliver and its risk agility. As a small donor, it looks for niches were it can make the difference, even with a small budget. This has led to the Flemish support for innovative initiatives in SME development that when proven successful have important potential for scaling-up and could be taken over by South African government. Or, to quote one observer: “Flanders can be the spark that starts a fire”.

This may seem at odds with Flanders’ rather traditional focus on ‘private sector development’ approach, which refers to all activities carried out by governments and development organisations with the aim of developing a vibrant private sector (mostly in developing countries). But research has shown that the design and implementation of the different projects in many cases also includes a ‘private sector for development’ (PS4D) component, which covers activities aimed at involving or engaging the private sector in development in ways that go beyond their regular business practices. PS4D has become more topical in view of the current trend amongst multilateral and other OECD-DAC donors to consider the private sector as a development actor in its own right, and an important one in the context of the financing for development debate. Although not an explicit and conscious strategy, the Flemish portfolio has come to contain projects that in a small but relevant way engage the private sector ‘for’ development and this in multiple roles and often combining different roles in the same project. In some cases it is the recipient of financial support or capacity building, in other cases it is the provider of financial or non-material support, in some projects it is approached as a participant in policy dialogue, in others as an actor that can reform or reinvent the way business is being done. However, at least partially current interactions with private sector are happening in a policy vacuum, since no clear guidelines exist on cooperation with the private sector. This also means local representatives have no clear benchmark for determining their position vis-à-vis opportunities and risks that arise. (Vaes and Huyse 2015).

3.3 Should we stay or should we go?

Today is a pivotal time in Flemish-South African relations. The current Government of Flanders has indicated that it would reconsider the development cooperation with South Africa. Several other donors are in the process of doing so. It should also be clear from the discussion of the evolution in the Dutch, Danish and Swiss cooperation with South Africa that the question today is far more complex than ‘Should we stay or should we go?’. Pondering the future, different scenarios seem possible. The help structure and focus the discussion, the possible scenarios have been distilled and are discussed below. They should not be considered as the shortlist of policy options policy makers should choose from, but as tools to contemplate and discuss the implications of the different ways forward. Again the focus lies on the official budget for development cooperation (and not on all ODA spending to South Africa).

It can’t be overstressed that setting out a path for the future does not happen in a vacuum. As the preceding overview of the Flemish development cooperation showed, the trend has been toward more focus both thematically, geographically and institutionally. The Flanders Department of Foreign Affairs now plays the lead role in the development cooperation and where South Africa is concerned a thematic shift toward exploring different roles for the private sector in development cooperation is becoming visible. This specific institutional set-up and the developed portfolio that has already set course towards incorporating a more active role for the private sector need to part of the calculation.

Scenario 1: Developing development cooperation

Core ingredients

The tenet of the future relationship with South Africa remains development cooperation and the main objectives remain poverty reduction and the fight against inequality. In this scenario the development challenges of South Africa are central and Flanders uses its official development cooperation as a tool to assist South Africa in addressing them.

This does not necessarily mean that only the national development needs of South Africa are the motive for choosing this path. In fact, development cooperation can (and has) been employed in pursuit of strategical relations or regional and global development needs. For example, in 2013 the United States motivated their cooperation with South Africa and the focus on democratic institutions by referring to the “growing strategic importance of Sub-Saharan Africa” (USAID 2013). Different donor representatives interviewed in the framework of the research stated that development cooperation often opens doors to political or commercial contacts and opportunities that serve other interests. Although the underlying motives can be broad, the tools are those from the development cooperation toolbox and the actors are those currently managing and executing development cooperation. There is little exploration of possible new actors to involve or tools outside of development cooperation to test.

This does not equal stagnation. When designing the strategy for the next period, adjustment are made to take into account the lessons learned from the current strategy as well the changes in the development and donor landscape. These include, amongst others: 1) the impact of ongoing and planned donor-exits (e.g. UK, EU), in particular on the civil society and the fight against inequality in South Africa; 2) the increased emphasis on private sector engagement in development cooperation (in international donor policy) and the possibilities that a MIC context offers to interact with this agenda; 3) the changing development challenges in South Africa and consequently the changing opportunities on how to make the biggest difference as a small donor in South Africa (e.g. domestic resource mobilisation, piloting innovative solutions to social service provision challenges, addressing the skills gap); 4) the experience and network build over the past term of 2012-2016 and how to take maximal advantage of it.

Actor	Possible implications
Flanders Department of Foreign Affairs, Global Challenges Division	The department maintains the main lead on the development cooperation with South Africa, and the ODA spending is done in line with the Flemish development policy and the country strategy paper. Recent evolutions in the development landscape may entail increased attention for the redistribution agenda and the development potential of the private sector.
General Representation of Flanders Government in Pretoria	In-house expertise on all the different domains covered by the Flemish representation remains needed. This includes development cooperation, economic affairs and culture. In view of the focus on SME development in the Flemish portfolio in South Africa and the increasing emphasis on private sector engagement in the current development landscape, policy guidelines on private sector engagement as well as developing in-house expertise on this topic may be important.
South African partners	Some influencing towards redistribution agenda and increased inclusion of private sector intermediaries
FIT Pretoria	Increased interaction with FIT in view of private sector agenda
Flemish NGOs active in South Africa	With different donors retreating from South Africa, South African CSOs may face difficult times. Flemish NGOs and CSOs can play a role in supporting them in building a sustainable organisational model.
South African CSOs	Rich CSO landscape offers additional opportunities to channel CSO funding in support of a redistribution agenda

Strengths	Weaknesses
- Possibility to benefit from the reputation, expertise and networks built over the past period and to use the lessons learned. - 3y and even 5y project durations can be too short to fully maximize the impact of the support → in this scenario longer-term partnerships can reach full potential. - Will strengthen political relations with South African government as well as the relations with the partners.	- Development cooperation with a MIC has an opportunity cost elsewhere. - Less easy to communicate the need for development cooperation with a MIC, challenge for building public support.
Opportunities	**Threats**
- Donor-exits may open-up interesting niches and create more opportunities to add value and have influence as a small donor. - Possibility to really position Flanders as an innovative donor with particular expertise on SME development and social economy,	- Too few remaining donors will make it hard to muster critical mass for some initiatives. - Idea of 'just business as usual' may undermine political interest and investment to push Flemish development

possibly contributing in important policy development on SMEs. - Develop relations with FIT and look for possible synergies.		cooperation to develop a cutting edge approach in MICs.

Scenario 2: towards exit from South Africa (by end of next term)

Core ingredients

In view of the sustained economic growth of South Africa or/and of changing priorities in the Flemish development policy (e.g. focus on LICs), Flanders decides to withdraw its development cooperation from South Africa. South Africa is no longer selected as a formal partner country of the Flemish development cooperation. It is decided to phase-out all official development cooperation and to reorient the ODA budget to other destinations. After the exit, relations with South Africa will be the usual inter-country commercial, diplomatic and cultural relations without specific underlying development objectives. This decision resembles what the Netherlands and Denmark have done in their cooperation with South Africa, although their exit strategy was not solely aimed at nicely tying up ongoing programmes, it also had a component aimed at transition (see next scenario).

The motives behind such a decision could be, for example, doubt about the added value of Flanders as a small donor in South Africa, or the opportunity cost of maintaining a cooperation with South Africa (while development cooperation with a different country or a different approach is deemed more relevant). Anyhow, the assumption of this scenario is that sustainability of the results achieved so far is maximally ensured, and consequently that a well-developed exit strategy is put in place. This strategy would include information on a.o. : 1) how to maximize the sustainability of the ongoing projects; 2) the institutional implications, including the implications for the staff composition and mandate of the Flemish representation in Pretoria both during the exit and after; 3) the expected impact on Flemish NGOs active in South Africa; 4) the expected impact on the economic and political relations with South Africa as well as a strategy on how to contain negative effects of the exit; 5) how to transfer relevant information, contacts, expertise to the remaining FIT representation or to other actors that will remain present. Additionally, the decision prompts a reflection on the alternative use of the ODA-budget. Different sub-scenarios are possible. Firstly, the ODA-budget could be used to scale-up existing development cooperation with one of the other partner countries, Malawi or Mozambique. Secondly, the ODA-budget could be used to scale-up the regional Southern-African activities. To actually implement either of these policy options, staff capacity would have to be adapted accordingly. A third possibility would be to divide the current official development cooperation budget for South-Africa amongst different government departments and spend it in a decentralised way, but in view of the efforts to guard focus and coherence in Flemish development cooperation, this is deemed unlikely.

A more extreme version of this scenario would be an immediate exit, in which case the currently allocated (2012-2016) budget would still be spend as planned, but no new budget is allocated for development activities in South Africa and no new commitments or partnerships are made. At best a reduced budget is made available to oversee the 'wrap-up' of all activities. However, an abrupt exit can comes at a grave cost, especially in terms of sustainability of the project activities and result, and a 'good' exit always takes time. A 5 year exit is by no standard exaggerated (as the cases discussed previously have shown).

Actor	Possible implications
Flanders Department of Foreign Affairs, Global Challenges Division	Staff capacity will need to be adapted depending on how the ODA is reoriented: where is more staff needed (in Malawi, Mozambique, a new partner country, Brussels,…)?
General Representation of Flanders Government in Pretoria	Less staff, smaller mandate, less leverage, less political weight
South African partners	Loose support and their continued existence may become uncertain
FIT Pretoria	In view of limited cooperation with development representatives, no clear immediate impact. However, the combined exit of Belgian and Flemish development cooperation may reflect negatively on image and some doors may remain closed.
Flemish NGOs active in South Africa	Some NGOs currently involved as partners in the indirect bilateral cooperation will lose funding.
South African CSOs	Some limited funding might still be available

Strengths	Weaknesses
- This path may be in line with the arguments that prioritize LICs above MICs when it comes to ODA spending. - Aligned with the Belgian decision to cut South Africa as a partner country.	- Loss of privileged relation with one of the biggest and most influential MICs on the international political arena - Loss of leverage in South Africa, affecting political influence and economic diplomacy negatively. - In some activities longer-term potential will not exploited, meaning a loss of return on investment in impact terms. - Less resources available to address key development challenges in South Africa (some with impact on global public goods), such as inequality, climate change mitigation and youth unemployment.
Opportunities	**Threats**
- Can direct development cooperation toward other countries, other challenges. - Will put commercial, academic and cultural relationships to the test: can they	- Badly performed exit will have a negative impact on sustainability of ongoing projects, and on the political and economic relations with South Africa.

thrive with the development cooperation as 'glue'.		- Badly informed and embedded reorientation of the ODA-budget could lead to spending capacity problems and loss of coherence.

Scenario 3: Transition towards a different relation

Core ingredients

In view of the sustained economic growth of South Africa and/or of changing priorities in the Flemish development policy, Flanders decides to fundamentally broaden its development relationship with South Africa, not necessarily in budget but definitely in scope. Cooperation with South Africa enters a transition phase: development cooperation is still part of the relations with South Africa but happens parallel to and in many cases in function of efforts to build a much more diverse and versatile relation with South Africa.

To some extent the Dutch and the Danes chose this path: both decided to phase out development cooperation but at the same moment launched instruments to give alternative types of relations a kick start. In the cases of both donors, these were mostly aimed at commercial relations between businesses. Many other possibilities exist, as the Swiss demonstrate with their shifting cooperation. Simultaneously to their phase out of development cooperation with South Africa, they built their regional programme, using their experiences in South Africa on a regional level and engaging with South African CSOs as partners in trilateral cooperation. At the same time a more economic cooperation is rolled out, focusing on development challenges but from an economic perspective, and thus building South Africa as a more valid counterpart in future commercial and economic relation.

In this scenario the cooperation could take many different routes. Some examples: 1) focusing on economic development. This can but doesn't have to be aimed at the promotion of win-win commercial relationships. It can also target a specific sector, for example the social or solidarity economy; 2) focusing on addressing inequality and working more an redistribution, which could translate into work on domestic resource mobilisation, social protection, strengthening the role of CSOs; 3) focusing on the provision of global public goods, a.o. by working on migration or environmental issues. Unlike in scenario 1 there is a clear ambition to move away from pure development cooperation, but unlike scenario 2 this is not approached as an 'all or nothing' and a retreat. Instead this scenario entails continued investment in South Africa, but with a clear agenda to pull in more diverse actors, look for synergies and forge bands that can divert the relationship on a different track.

In this scenario, the reflection on the way forward in 2017-2021 should clarify, amongst others: 1) what objectives the future activities in South Africa should pursue, how this lays the foundation for post-2021 ambitions and what should and what should not be supported through ODA; 2) who will take the lead in follow-up of the cooperation with South Africa and the role division between the different actors involved; 3) what the institutional implications are for all actors involved, including the implications for the staff composition and mandate of the Flemish representation in Pretoria, the FIT representation in Pretoria and the department Global Challenges; 4) if and which ongoing partnerships will be phased-out and how the sustainability of these projects will be maximized; 5) what ongoing partnerships remain relevant and will be maintained;

Actor	Possible implications
Flanders Department of Foreign Affairs, Global Challenges Division	Increased coordination of activities with non-ODA actors in Flanders and South Africa. Staff capacity and in-house expertise will need to be adapted depending on the focal points of the cooperation.
General Representation of Flanders Government in Pretoria	Its role in the management of the ODA funds for South Africa would need to be discussed. How to look for synergies with more actors while still maintaining the hard fought thematical and institutional focus? Would entail a reflection on possible financial instruments and funding models to incorporate more actors in the cooperation with South Africa.
South African partners	Set of partners shift gradually as transition strategies are implemented
FIT Pretoria	Might be an important actor to cooperate with, especially in the case of increase in activities bridging development and economic cooperation
Flemish NGOs active in South Africa	Further shift from service delivery & capacity building roles to connecting Flemish and South African development challenges (policy coherence), and facilitating linkages of CSO work from local to international.
South African CSOs	Larger role for local CSOs in pursuit of redistribution agenda

Strengths	Weaknesses
- Room to pursue different objectives in parallel: developmental (redistribution, policy coherence), commercial, academic, and cultural. - Creates room to work more on and with private sector in the context where Flanders already has some experience with this and without having to adapt overall development policy	- Difficult to communicate this to all stakeholders - Can be challenging to combine an exit with a shift in activities
Opportunities	**Threats**
- If well thought through, possibility to evolve cooperation instruments together with changing context. - Bigger flexibility means the ability to jump on more opportunities that arise - Remaining present and active in South Africa can be useful for development cooperation in the region.	- If badly communicated, scratching South Africa as a partner country, but still spend the same amount of ODA funds could harm the image of Flemish development cooperation (not straightforward, not transparent) - Fragmentation and lack of coordination in how the ODA is spend.

These scenarios provide a first indication of the different issues a reflection on the future cooperation with South Africa would have to take into account. Further developing them, where necessary in consultation with the different actors and stakeholders involved, will allow for a more mature reflection. A deeper discussion of the SWOT analysis, and going beyond listing the strengths, weaknesses, opportunities and threats would also be valuable. This would mean looking for ways to use strengths and opportunities in order to address the weaknesses and threats.

4 | Synthesis reflection

It is quite clear from the discussion in the first chapter that South Africa has many different identities besides being a developing country: it is also a (re)emerging donor and an emerging power with increasing influence in international policy development, one of the most unequal countries in the world, an interesting market place, a regional migration magnet with a problem of xenophobic violence, the home of 5 million people living on less than USD 1.25 a day or approximately 10% of the total population (in 2011) (The World Bank, 2015), a hotspot in the HIV/AIDS epidemic, a nation taking a leadership role in the region, the home base of several influential multinationals ….

Figure 4.1 Overview of arguments to be taken into consideration in future cooperation with South Africa

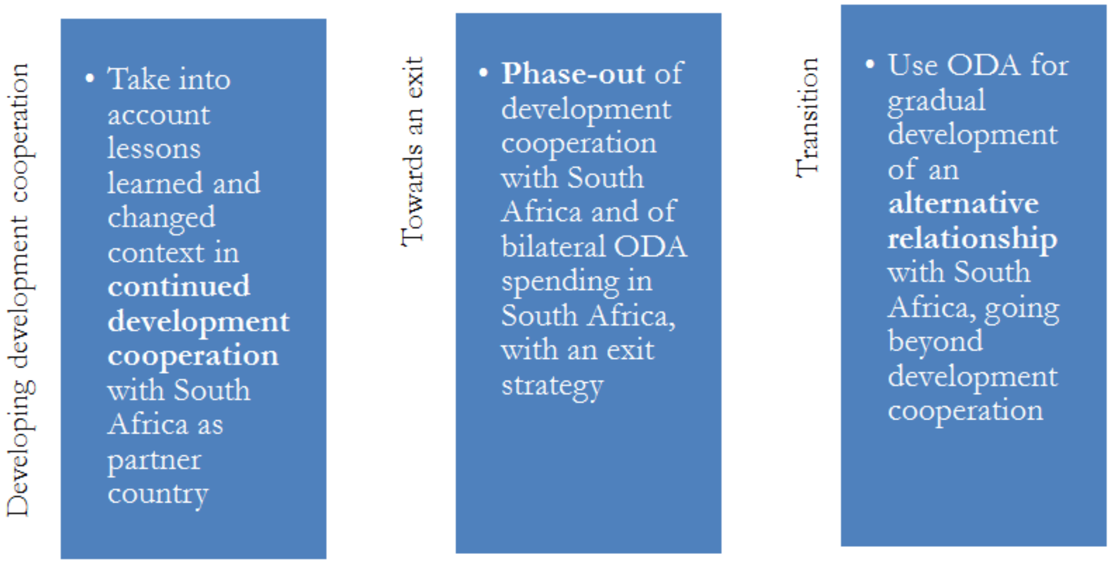
Source Based on conceptual framework of Herbert (2014), also discussed on p. 9.

All its different identities should be taken into account when determining the core treats of the future cooperation with South Africa. The analysis of the debate on the relevance of ODA to MICs and of the Synthesis Report of the UN Secretary General also showed there are no clear-cut guidelines on future development relations with UMICs. General arguments pro or contra development cooperation with MICs are insufficient foundations for a well-considered approach to the cooperation with South Africa. Figure 4.1 gives an indicative overview of considerations to be developed further.

Donors respond to these arguments in different ways. For example, Germany decided to increase its development cooperation with South Africa and four other MICs. Taking into account the regional and global development needs and the opportunities for strategic relations, the German argumentation considers these MICs, including South Africa, as key 'global development partners'. Switzerland has chosen to take a mixed approach: SDC currently uses South Africa as an operating base for its regional Southern Africa development programme, while SECO has a mandate to invest ODA in economic development needs. Both agencies work towards developing a different type of relationship with South Africa and in this transition ODA still has a key role to play. In the Dutch case strengthening the commercial ties with South Africa is dominating in the current relation, and the Danes have chosen a similar path. Both countries are in the process of phasing out their development cooperation with South Africa and are in fact heading towards an exit, but have in the mean while activated additional instruments to build commercial ties. The case of the Netherlands and Denmark also demonstrates the potential tension between the different arguments: their choice for decreasing ODA and putting commercial interests more central in the relation cost them a tool in the toolkit of international relations, and may interfere with their ambition to maintain strong diplomatic relations that can defend national interests.

The discussion of different arguments to take into consideration and the different choices other donors have made or are making, shows different paths for the future cooperation with South Africa. At least three possible scenarios present themselves (figure 4.2).

Figure 4.2 Possible scenarios for the future cooperation with South Africa



The discussion of these scenarios provides some indications of the different issues a reflection on the future cooperation with South Africa would have to take into account. Further developing them and carefully assessing pros and cons, in consultation with the different actors and stakeholders involved, will allow for a more mature reflection.

appendix 1 Data collection

a1.1 Data collection

Data collection through participatory observation at different events and through semi-structured interviews with key informants.

Who?	Organisation	When?	How?
Jean François Golay	Programme Manager Southern Africa, Federal Department of Foreign Affairs FDFA Swiss Agency for Development and Cooperation, East and Southern Africa Division	21 January 2015	Interview
Flemish partners	Foundation for Human Rights; IDC; Trias; Parliament Monitoring Group; SEED South Africa UNEP; ILO; Bertha Centre; Environmentary Monitoring Group; Gordon Institute of Business Science (GIBBS)	3 March 2015	Round table organised by IV Pretoria
Knowledge centres & external stakeholders	Impact amplifier; GIBBS; University of Johannesburg; National Planning Commission; NEPAD Business Foundation; Institute for Security Studies	3 March 2015	Round table organised by IV Pretoria and facilitated by GIBBS
Markus Schrader	Head, Swiss Economic Cooperation and Development (SECO), Embassy of Switzerland	4 March 2015	Informal exchange with Flemish delegation
Christophe Larose	Head of Section Social Sectors and Governance, European Union delegation to South Africa	4 March 2015	Informal exchange with Flemish delegation
Bart van Uythem	Head of Economic and Infrastructure Sector, European Union delegation to South Africa		
Tineke Mulder	Head Economic Affairs, Embassy of the Kingdom of the Netherlands Pretoria	4 March 2015	Informal exchange with Flemish delegation
Tim Kos	Senior Policy Officer Economic Affairs, Embassy of the Kingdom of the Netherlands Pretoria		
Vic van Vuuren	Director, ILO Pretoria Office	18 March 2015	Interview
Development cooperation officers from different EU member states	Development cooperation of Slovakia, Finland, Sweden, EU, Germanu, Belgium, UK, France, Italy	19 March 2015	Scoping presentation at EU DEVCO meeting
Jeppe Hallencreutz-Fogtmann	Counsellor Head of Political-economic Affairs and Press & Culture, Political-Economic Team, Embassy of Denmark in Pretoria	19 March 2015	Interview
Katrien Dejongh	Attaché Development Cooperation South Africa, Flemish Government	20 March 2015	Interview
Geraldine Reymenants	General Representative of the Government of Flanders to South Africa	20 March 2015	Interview
Marc Schiltz	Flemish economic representative for South Africa, Botswana, Lesotho, Madagascar, Mauritius, Mozambique, Namibia and Swaziland, FIT Pretoria	25 March 2015	Interview

Dr Elisabeth Sidiropoulous	South African Institute for International Affairs, University of the Witwatersrand	7 May 2015	Interview
Forster M Masuku	Deputy Director, SADPA, Office of the Director-General, DIRCO.	10 June 2015	Interview
Neissan Besharati	South African Institute for International Affairs, University of the Witwatersrand		Mail interview
Max Cameron	Political Advisor, South African High Commission, Malawi	March, November 2013, February 2015	Interviews

References

Baumann, Martin, 2014, Exit and Sustainability of the Swiss Development Cooperation. Paper presented at the EUROSAI Congress, The Hague, the Netherlands, June 18. http://r.duckduckgo.com/l/?kh=1&uddg=http%3A%2F%2Fwww.eurosai2014.nl%2Fsites%2Fdefault%2Ffiles%2Fdocument_uploads%2FR4%2520WS2%2520Swiss.pptx.

Besharati, N.A., 2013, South African Development Partnership Agency (SADPA): Strategic Aid or Development Packages for Africa? Johannesburg: South African Institute of International Affairs.

Department of International Relations and Cooperation, 2013, Statement of the President of the Republic of South Africa, His Excellency Mr Jacob Zuma, to the General Debate of the 68th Session of the UN General Assembly. UN Headquarters, New York, USA, 24 September.

Edward, Peter, and Andy Sumner, 2013, The Future of Global Poverty in a Multi-Speed World New Estimates of Scale and Location, 2010–2030. Working Paper 327. Washington DC: Center for Global Development. http://www.cgdev.org/sites/default/files/future_of_global_poverty.pdf.

Grobbelaar, Neuma, 2014, Rising Powers in International Development: the State of the Debate in South Africa. Sussex: Institute for Development Studies (IDS).

Herbert, Siân, 2013, The Future of EU Aid in Middle - Income Countries. The Case of South Africa. Working Paper, 370. London: Overseas Development Institute (ODI). http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8382.pdf.

Kharas, Homi, and Andrew Rogerson, 2012, Horizon 2025. Creative Destruction in the Aid Industry. London: Overseas Development Institute (ODI).

Knapen, 2011, Focusbrief Ontwikkellingssamenwerking. Kamerbrief. The Hague: Ministerie van Buitenlandse Zaken. http://www.rijksoverheid.nl/documenten-en-publicaties/kamerstukken/2011/03/18/aanbiedingsbrief-focusbrief-ontwikkelingssamenwerking.html.

Knapen, Ben, and Henk Bleker, 2012, Kamerbrief Inzake de Voortgang van de Transitiefaciliteit in Voormalige Partnerlanden. The Hague: Ministerie van Buitenlandse Zaken; Ministerie van Economische Zaken, Landbouw en Innovatie.

Koch, Svea, 2012, From Poverty Reduction to Mutual Interests? The Debate on Differentiation in EU Development Policy. Discussion Paper. Bonn: German Development Institute (Die).

Ministry of Foreign Affairs of Denmark, 2010, Denmark – South Africa. Partnership for the Future. Copenhagen: Ministry of Foreign Affairs of Denmark.

OECD, 2014a, Development Co-Operation Report 2014: Mobilising Resources for Sustainable Development'. Paris: OECD Publishing.

OECD-DAC, 2014b, Fragile States 2014. Domestic Revenue Mobilisation in Fragile States. Paris: Organisation for Economic Co-operation and Development - Development Assistance Committee. http://www.oecd.org/dac/governance-peace/conflictandfragility/docs/FSR-2014.pdf.

OECD-DAC, 2005, DAC Peer Review Switzerland. Peer review. Paris: Organisation for Economic Co-operation and Development (OECD) - The Development Assistance Committee (DAC). http://www.oecd.org/dac/peer-reviews/35297586.pdf.

OECD-DAC, 2009, Switzerland. Development Assistance Committee (DAC). Peer Review. Paris: Organisation for Economic Co-operation and Development (OECD) - The Development Assistance Committee (DAC). http://www.oecd.org/dac/peer-reviews/44021195.pdf.

OECD-DAC, 2013, OECD Development Co-Operation Peer Review. Switzerland 2013. Paris: Organisation for Economic Co-operation and Development (OECD) - The Development Assistance Committee (DAC).

SDC, 2013, Swiss Cooperation Strategy Southern Africa 2013-2016. Berne: Swiss Agency for Development and Cooperation (SDC).

SDC, and SECO, 2012, Message on International Cooperation 2013-2016. Key Points in Brief. Bern: Swiss Agency for Development and Cooperation (SDC); State Secretariat for Economic Affairs (SECO).

SECO, 2013, 'Swiss Economic Cooperation and Development. South Africa Country Strategy 2013-2016'. Berne: Federal Departemnet of Economic Affairs, Education and Research, State Secretariat for Economic Affairs.

Sumner, Andy, 2012, Where Will the World's Poor Live? Global Poverty Projections for 2020 and 2030. In: IDS In Focus, August: 2.

The Danish Government, 2007, Denmark in Africa - on Continent on Its Way. The Government's Priorities for Denmark's Cooperation with Sub-Saharan Africa. Copenhagen: Danish Government.

USAID, 2013, Countru development cooperation strategy public version 2013-2017. Washington DC: USAID. https://www.usaid.gov/sites/default/files/documents/1860/USAID-Southern%20Africa%20Final%20CDCS%20-%20Public%20Version%20%282%29.pdf.

Vaes, Sarah, and Huib Huyse, 2015, Private Sector in Development Cooperation. Mapping International Debates, Donor Policies, and Flemish Development Cooperation. Leuven: HIVA - KU Leuven.

Consulted websites:

The World Bank Poverty and Equity data: http://povertydata.worldbank.org
The World Bank Data: http://data.worldbank.org/
OECD Aid Statistics: http://www.oecd.org/dac/stats/
SouthAfrica.info: http://www.southafrica.info/
Statistics South Africa: http://www.statssa.gov.za/
The Donor Committee for Enterprise Development: http://www.enterprise-development.org/

ENGLISH

The Leuven Centre for Global Governance Studies coordinates a Policy Research Centre on "Foreign Affairs, International Entrepreneurship and Development Cooperation" for the Flemish Government. A Policy Support Centre aims to scientifically support Flemish regional policies. The project brings together 17 senior and 10 junior researchers (including eight PhD students).

The Centre conducts (a) data collection and analysis, and provides (b) short-term policy supporting research, (c) fundamental scientific research and (d) scientific services.

The Policy Research Centre is based on an inter-university consortium led by the Leuven Centre for Global Governance Studies (www.globalgovernancestudies.eu) in cooperation with the Antwerp Centre for Institutions and Multilevel Politics, the Vlerick Leuven Gent Management School and the H.U.Brussel. Within the KU Leuven, colleagues from the Faculty of Business and Economics, the HIVA - Research Institute for Work and Society, the Institute for International and European Policy, the Research Unit International and Foreign Law, the Institute for International Law, and the Institute for European Law are also involved in the project.

Research is structured in four thematic pillars: (i) International and European Law; (ii) International and European Policy; (iii) International Entrepreneurship; and (iv) Development Cooperation.

For more information, see our website: www.steunpuntiv.eu

NEDERLANDS

Het Leuven Centre for Global Governance Studies (www.globalgovernancestudies.eu) coördineert de derde generatie van het Steunpunt "Buitenlands beleid, internationaal ondernemen en ontwikkelingssamenwerking" voor de Vlaamse Regering. Een Steunpunt heeft als doel de wetenschappelijke ondersteuning van Vlaams beleid.

Het project brengt 17 promotoren en 10 junior onderzoekers (waarvan acht doctoraatsstudenten) samen. Het Steunpunt doet aan (a) dataverzameling en -analyse, (b) korte termijn beleidsondersteunend wetenschappelijk onderzoek, (c) fundamenteel wetenschappelijk onderzoek en (d) wetenschappelijke dienstverlening.

We werken samen met een aantal partners: het Antwerp Centre for Institutions and Multilevel Politics, de Vlerick Leuven Gent Management School en H.U.Brussel. Binnen de KU Leuven maken ook collega's verbonden aan de Faculteit Economie, het Instituut voor Internationaal en Europees Beleid, de Onderzoekseenheid Internationaal en Buitenlands Recht, het Instituut voor Internationaal Recht, het Instituut voor Europees Recht en HIVA - Onderzoeksinstituut voor Arbeid en Samenleving deel uit van het project.

Het onderzoek is verdeeld over vier thematische pijlers: (i) Internationaal en Europees Recht; (ii) Internationaal en Europees Beleid; (iii) Internationaal Ondernemen; en (iv) Ontwikkelingssamenwerking.

Bezoek onze website voor meer informatie: www.steunpuntiv.eu